

# **Ministry of Education of the Republic of Azerbaijan**

## **INSTITUTIONALIZATION OF BUSINESS ETHICS AND ITS ROLE IN MANAGING EMERGING BUSINESS ETHICAL ISSUES IN 21TH CENTURY**

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### **Abstract**

This paper focuses on impact of institutionalization of business ethics on people at workplaces, including employees and managers. It is an attempt to research and indicate reasons behind ethical issues in our century via explaining moral development of individuals and other factors that affect ethical decision making process. The first chapter included evaluation of ethics as an academic field as the presence of ethics formally plays vital role in managing issues. The second chapter focused factors like cultural, religious, time and other differences affecting international business. At the end of the thesis, the author explained the importance of having extended knowledge about ethical issues in business, ways to handle and prevent them when necessary. The results show the importance of having code of ethics in organizations in preventing ethical misconduct.

Key words: ethics, culture, code of conduct, moral development, ethical issues

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## Introduction

We live in 21st century and as advanced technology exist in our life, we expect our jobs to be easy and without problems at workplaces. Yet there are a lot of ethical issues happening around and either as entrepreneurs or as employees, those issues concern us when they are related directly or indirectly to us. In order to understand the reasons of these unpleasant issues and deal with them, it is necessary to have knowledge about what are the major ethical requirements for organization. This research therefore explains role of ethics in handling ethical issues today's life and how unethical behaviors affects individuals. Ethics includes the norms of conduct that we maintain in our private and professional life. It defines the levels of sincerity, compassion and confidence and other qualities through which we strive to recognize our private actions and our status in the community. Our morality establishes standards in our private life for how we communicate with colleagues and family. Ethics guide our relationships with our employees, customers, peers, staff and investors in our professional life. Better our personal ethics norms are better we operate in business world ethically.

First chapter gives basic information of ethics, business ethics because of its importance to recognize definition of these terms in following chapters. Chapter continues with the evaluation of business ethics through past decades and how people approached to ethics sense before. It helps to distinguish difference between today's and past's sense of ethics.

Second part of work focuses on international business and explains changes in ethics sense in different cultures, time and religions. International business is popular than ever, so in order to operate in different countries, adapting challenging ethical standards play vital role for success. Also, as consumers we know that how corporate culture affects their image in our heads. Now, publicity is everything because everyone has smartphone and if even one ethical issue goes

viral, it will lead severe consequences on business, and this part explains underestimating society's impact on business is unforgivable.

Final chapter gives detailed information about ethical issues arousing in business world, their importance, and most necessary how to deal with them. Knowledge is everything in today's society, knowing how to avoid ethical issues and preventing them before happens, even knowing your rights and laws protecting you gives best benefit to employers, employees and as well as customers.

Literature contains books written by experienced authors like Kohlberg L., A.B. Carroll, Fisher, C., O.C. Ferrell and others.

# **AN OVERVIEW OF BUSINESS ETHICS**

## **1.1 Concept of ethics**

To describe what ethics is, one can say that it is a system of moral principles, which affect how people make choices and manage their living. Ethics is concerned with what is good for persons and community and is also defined as moral philosophy. The term is derived from the Greek word *ethos* which signifies tradition, consuetude, personality or tendency.

Ethics is a branch of philosophy that studies ideal human behavior and ideal ways of being when closely defined by its use in its origin. The approaches to ethics and the significance of the related concepts differed over the course of time between philosophers and ethicists. For example, Aristotle supposed that ideal behaviors are practices that are associated with high level of satisfaction or well-being, leading to the ultimate goal of *eudemonia*. And on the other hand, the philosopher and ethicist of the 18th century, Immanuel Kant, assumed that ideal behavior was in keeping with one's duty. Well-being, by this word, Kant meant that he was able to practice autonomy (self-determination), wasn't used as a control tool, was treated with the utmost respect and could think rationally. Ethics is an approach to understanding, looking at and differentiation of questions of wrong and right, of good and bad as it relates to the well-being and the relations of sentient beings, a systematic approach to the philosophical study discipline. The use of formal forecasts, techniques and codes of conduct, such as professional or religious codes, shall apply to ethical judgement. Ethics is not a static condition but an active process, therefore some ethicists use the doing ethics phrase. They need to support their ideals and assumptions with rational reasoning when people do ethics. In other words, even though people seem to believe that ethics is entirely subjective, they should be able to explain their positions via reasonable,

theoretical arguments. Emotional responses are a common part of everyday life and can play a key role in ethics. But people sometimes allow their emotional reactions to surpass sound reasoning, and it provides no good basis for ethical choices when this happens. Assessments generated through ethics practice require an emotional and reason balance. Throughout historical record, people have engaged in actions based on their culture, which they believed were justifiable only to show otherwise later in the light of reason. An example of such a practice is to follow a charismatic but egocentric leader, such as Adolph Hitler.

Ethics comprises the consequent quandaries:

- how to keep a proper life
- our privileges and liabilities
- the language of morality
- Moral choices-what's fair and unfair?

The same quandaries that determine a person's actions also apply to business.

Most definitions of business ethics relate to rules, measures, and ethical standards with respect to what is right or wrong in particular circumstances. Business ethics for our purposes includes the principles, values and norms that direct conduct in the business world. Principles are universal and absolute, specific and pervasive boundaries for behavior. Principles is often considered the foundation of rules. Examples of principles include right of free speech, fundamental principles of justice, and equal treatment to individual liberties. Values are used to develop socially enforced standards. Examples of values are keenness, accountability, and trust.

Business ethics is an informative, although in some ways misrepresentative, label for an interdisciplinary field that covers a wide range of trade-related normative issues. Most of the label is a key collection of issues about how people in the company environment should conduct themselves or what

values can be applied to negotiate moral difficulties in the workplace. However, when looking at the spectrum of topics discussed in major publications or textbooks on business morality, we see that these important questions about personal values and ethical choices are combined with questions concerning organizations and institutions. In other words, in a democratic community and a globalized economy, company ethics explores the most appropriate or honest models of companies, industries, market regulations and political oversight.

## **1.2 Historical development of business ethics**

What does social responsibility mean for a company? For 30 years, academics and practitioners have attempted to define the concept as mutually agreed. Business ethics as a academic sector has a deeper background, as does corporate morality. Business ethics study has developed through five separate stages; (1) before the 1960s, (2) 1960s, (3) the 1970s, (4) the 1980s, and (5) the 1990s, and it continues to evolve in the 21st century.

Prior to the 1960s, business ethics was primarily discussed from a religious perspective. Religious groups raised questions about fair and equal wages, employment practices, and capitalism morality. For instance, Catholic social ethics, expressed in a series of papal encyclicals, included concern for business morality, workers' rights, and minimum wages, humanitarian value systems instead of materialistic value systems and improvement of the poor's conditions.

Some Religious universities and colleges began offering social ethics courses. In their seminaries and theology schools, Protestants also developed ethics courses and addressed issues related to morality and business ethics. Protestant work ethics encouraged people to be frugal, work hard, and succeed in the capitalist system. Such religious traditions provided a basis for the business

ethics of the future. Each religion applied its moral concepts to business as well as government, politics, family, personal life, and all other aspects of life.

The 1960s highlighted a different approach towards U.S. society and business. As an academic field, business ethics has a recent past, as does corporate ethics. The Second World War finished and Cold War continued and Vietnam's military and industrial complex was strongly opposed to government strategy and to higher scrutiny and criticism. The movement for civil rights had caught the imagination of the public. The US became a dominant financial power. Multinational corporations based in the United States have grown in size and importance. Big business came into its own, substituting the image of small and medium-sized enterprises. Innovation boomed in the chemical industry, and environmental damage came to an extent that wasn't possible previously. The spirit of protest led to environmental movement, consumerism rise, and multinational corporations being criticized.

Corporations, under public attack and criticism, responded by developing the concept of social responsibility. They began to start social responsibility programs and spent a large amount of money promoting their programs and encouraging the good of society.

According to industry and company, the exact definition of "social responsibility" differed. But be it monoculture farming, pollution reduction or increased diversity of the workforce, the phrase "social responsibility" used to capture the socially beneficial corporate activities and usually served an ethical or anti-social work for the company, by involvement. Business schools reacted to this by creating social responsibility courses or social issues of management – courses which continue to flourish today. Most of these courses focused on law in the 1960s and prevailed managers' views, even though they soon became more common to employees, consumers and the general public. The textbooks paid no systematic attention to ethical theory and tended to focus more on empirical

studies than on developing or defending standards for measuring corporate activity.

The history of the social responsibility movement is an entirely different story written by various people. Archie Carroll defines the four types of liability that companies have: financial, after which legal, then ethnic, and after that philanthropic (Carroll 1979). He describes social responsibility as a pyramid of social responsibility. Although all of the responsibilities have always existed to some extent, it is also known that only economic and legal functions was taken into real consideration by companies and ethical and philanthropic functions have taken significant place only in recent years. But for sure, each one of the functions of corporate social responsibility pyramid of Archie Carroll deserves closer explanation and consideration.



Source: Business Horizons (July-August 1991), A. B. Carroll, "The Pyramid of Social Corporate Responsibility: toward morality in management of the organization's stakeholders. 39-48. "

First step of CSR pyramid is the economic responsibility of business to be profitable which is also only way for business to survive and benefit in long-term.

Although it may seem unusual to expect being profitable from businesses as social responsibility, but it is what it is because society requires organization to produce and sell goods and services they need and want. As exchange, society allows organizations to take profits. As the following step is being legally responsible for companies, meant to maintain making profit but within obeying laws and regulations. Although it is easy for businesses to make efforts for these 2 responsibilities, nowadays no business can sustain in market without operating ethical and philanthropic responsibilities. The cause is image of business matters in society now more than ever. By ethical, society requires to act and decide morally and ethically, it may include for example, not polluting environment, not making tests on animals or to have good code of conduct in organization and protect employee rights. Beside previous three responsibilities, philanthropic responsibility is done by companies voluntarily, because this is the responsibility to give back to society such as charities, donations, voluntary work of employees etc.

Business ethics finally emerged in the 1970s as an area of science. If discussed, ethical issues were handled in courses on social issues for the most part. If discussed, ethical issues were handled in courses on social issues for the most part. Theologians, religious thinkers and media experts have been continuing to write and teach business ethics. Professors of management have continued their research and social responsibility in business. A significant number of philosophes and scientists who brought ethical theory and philosophical analyzes on various business issues to the forefront and the driving force behind the business ethics as such were the new primary ingredient and driving force behind. Because of its crossroads with experimental experts, business morality has developed and cases and issues have been examined. The birth of ethics was registered by Norman Bowie in November 1974 by presenting in conference for the first time in business ethics which was organized at the Kansas University. Thereafter it resulted as the first anthology that was used in new courses of

business ethics. Whether a person chooses a date or any other event, any preceding period with the type of concerted activity established in a short period of time is considered difficult to identify. Three anthologies of business ethics were appeared in 1979: *Ethical Theory and Business* of Tom Beauchamp and Norman Bowie; *Ethical Issues in Business: A Philosophical Approach* of Thomas Donaldson and Patricia Werhane; and Vincent Barry, *Moral Issues in Business*. The first single-authored books in the course came out by Richard De George and Manuel G. Velasquez, with their books named: *Business Ethics* and *Business Ethics: Concepts and Cases* in 1982. The market was ready for the books and business ethics courses were quickly developed both for philosophy and business schools. As the rapid development continued, the amount of textbooks increased steadily as they did.

The ethical foundations of enterprise, personal ownership and different financial structures are addressed in business ethics. Although the field concerned the directors and workers, as ethical workers with duties and rights, the main focus was on the company— structure and exercises, including management, manufacturing marketing and finance. The majority of courses and texts have included related issues, such as the environmental impact of corporate actions and the work of multinational corporations with increased focus. In the area of business ethics there were a great many, but not all, courses and texts on social matters, and discussions on ethics within business were structured. It emerged in the mid-80's that the lines between philosophy and corporate research were clearly interdisciplinary, often confusing.

In 1980, the Ethics Society was founded. In conjunction with the American Philosophical Association meeting in December, the first meeting of the Society for Business Ethics took place in Boston. Other companies increasingly focused attention on corporate ethics, including the Social Affairs Division of the Academy of Management, established in 1976. Other companies, like the International Business and Society Association, emerged. Other societies

were also formed, some of which were specialized and certain general. Various researchers in Europe have been interested and led by the European Business Ethics Network (EBEN) in America. Many European nations have set up their own ethics network or company ethics society in turn. Overshadowing economics and social structures, the European approach to business ethics has placed less emphasis on companies ' activities as such than the United States. S. approach does. Both methods were adopted by the International Society for Business, Ethics and Economics in 1989. In turn, the company helped national groups around the world to develop local or regional business ethics societies so that there are now many societies in developed and less developed countries.

In addition to those publications that contain, inter alia, articles in business ethics, the founding of centers of business ethics in a variety of academic institutions and the establishment of numerous journals devoted to business ethics. Founded in 1976, the Bentley College of Business Ethics continues to be one of the leading centers for business ethics. In the next ten years, there were more than a dozen, many others in the United States and around the world since then. We know that one of the areas of the Mark Kula Center comprises business ethics. The Journal of Business Ethics released its first edition in 1982 in February and in January 1991 the first edition of Business Ethics released every quarter. Since then there have been a number of other journals in the field.

### **1.3 Moral development stages of person**

Every business consists of and exist because of people. In order organizations to take actions ethically, people who are inside it and formed it should know how to act ethically themselves. They should understand the importance of morality and its impact on society including themselves, family and everyone they know. Morality is like some set of principles that person sets

himself for him, and obeys the rules in his lifetime which he made. These principles and rules we set for ourselves, tell us what we can do and which one is right or wrong. But as observed, the sense of morality, rules and principles differs for each single person in the world. Understanding how people developed sense of morality for themselves was not quite easy and religious leaders, philosopher sought for an answer for how people are doing it so differently.

Moral development of a person's character starts at young ages, from childhood. When a person still is a child, it is up to his/her parents to take initiative to teach their child the world and what is wrong or right. If parents, for example, do not warn their child and tell that harming animals is a bad thing, stealing is a crime or even looking down on others is not appropriate, then, when child grows up he/she will become a part of society and will do harm even worse. A person's moral development starts with parental education, but even siblings may have different sense of morality. That's because the environment, friends, school, even TV shows they watch or what they see and hear in the streets and other factors like these are as important as parental education.

Swiss psychologist and genetic epistemologist Jean Piaget, who is famously known for his cognitive research on children, explained how children develop their morality. He was not interested in if children are breaking rules or not but in what they think about it. He was therefore concerned in the awareness of laws, personal liability and fairness by children. According to Piaget, as children grow, their sense of moral judgement, rule and punishment changes. In other words, there should be stages of development of children's perception of morality. Piaget (1932) proposed two major moral thinking types. According to these two stages of Piaget, when children take part in problem solving and help to decide rules about fairness, their moral development tends to increase. In order to analyze their moral understanding, Piaget studied children while they were playing. Piaget considered that moralism is not only a process of development but

also a heritage in observing children's play and their differentiation in application of rules.

The first step is heteronomous ethics, also referred to as moral realism—ethical quality forced from the exterior. Children think of morality as complying with other people's—generally their parents', teacher's, siblings' rules and laws, which cannot be altered. They acknowledge that there are certain authorities (e.g. the parents, the teachers, God) who make all rules and that violation of them leads to immediate and serious punishment. (immanent justice). The role of any punishment is to make the culprits suffer and punishment tends to be hard as the seriousness of misconduct. (expiatory punishment). Children regard rules as absolute and unquestionable, i.e. "like heavenly" throughout this stage. They think it is impossible to change the rules and they were always the same as today. It doesn't matter if the intentions or reasons were good or bad, if observable consequences are considered "bad" then it is morally wrong for them. A great deal of accidental damage is therefore considered worse than a relatively small amount of conscious and deliberate damage. According to the research, typically younger children (up to age 9-10) consider intentional but small harms acceptable rather than unintentional but bigger harms. Although they can recognize situations like well-intentioned acts that turn out badly, if the consequence of this careless act is serious, then children call it naughty. Piaget wanted to explain this by moral realism. He also discovered what children understand by measuring lies. He found that the lie most far from the truth is considered the worst one. So, if they compare lies, size of departure from the truth plays a critical role in judging. When it comes to punishment, children see punishment as the function to make the guilty suffer for his actions sooner or later. Sooner means immediate punishment by exterior, but later means they also believe in what Piaget also calls immanent justice, that, God or some kind of superior force will punish the culprit. Piaget (1932) described this kind of morality as heteronomous morality.

The stage of autonomous morality, which is based on your own rules, is also called moral relativism. Children recognize that there is no such thing as complete correctness or error and ethics relies on motives and not implications. Now, children know that laws are established by individuals, not by the "divine" source, and if needed, individuals can alter them. then they also understand that laws are necessary to avoid conflicts. In this stage older children with regard to issues of moral responsibility, consider motives not only consequences, according to them unintentional wrongdoing is less blameworthy than intentional but with no harm one. They also alter their views of the lying. The reason behind a lie matters, it could be just misunderstanding or difference of opinion. For them, the purpose of punishment is to make things right again not to make guilty suffer, and culprit should be convinced not to repeat mistakes he made. Children in this stage also thinks that system of justice in real world is imperfect, innocent shouldn't be punished for the wrongdoing of guilty.

So, Piaget describes that older children recognize morality in terms of their own rules, while younger children accept rules as they are. This change is seen partly as result of children's cognitive development.

Psychologist Lawrence Kohlberg who is a student of Piaget, adapted Piaget's theory and developed it into the six-stage model. It is true that this cognitive development model is not specifically designed for business contexts, but provides a useful perspective on the issue of moral philosophy in business. Individuals make different decisions in similar ethical situations because they are in different stages of six cognitive moral developments according to Kohlberg. At the pre-conventional level (most nine-year-old and younger, some over nine), person does not have his own sense of morality, and regards morality as some exterior told him what is. Person follows rules in order to avoid a punishment or receive an award. Pre-conventional level is divided into two stages.

1. **punishment and obedience.** A person defines right as literal obedience to rules and power in the first stage of Kohlberg. Physical power of rule determiner is the basis for responding to rules and labels as good or bad for person in this stage. Although this stage is considered involving mostly children, but some adults also shows signs of being in this stage. For example, employee who does every action his manager told him to do without questioning or judging if it is ethically right or not, as child does every action his father told him because afraid to be punished, are both considered being in the first stage of cognitive development.

2. **individual instrumental purpose and exchange.** A person in second stage characterizes right as that which serves his or her individual needs and wants. In this stage, the person now not makes ethical choices exclusively on the premise of particular rules or specialist figures; he or she presently assesses behavior on the premise of its reasonableness to him or her. A few refer to stage 2 as the arrange of correspondence since, from a viable point of view, moral choices are based on an understanding that “you do this for me, and I'll do that for you” rather than on standards of loyalty, gratitude, or equity.

On the second level, the conventional level of morality, which also divided into 2 stages, the values of important adults around person become internalized. For people at this level, the acceptance of others is very essential.

3. **Interpersonal shared expectations interactions and compliance.** In stage 3, a person emphasizes others instead of himself. Ethical motivation still stems from observance of rules, but the individual takes the welfare of others into consideration. An operator could comply with the order of senior management to speed up a production line at this stage if he or she thought this would create more profit for the company and therefore save jobs for the employees. Not only does that manager take into account his own wellness by deciding to follow the order, he is also trying to get himself into the shoes of the top executives and fellow

employees. Thus, stage 3 is different from stage 2 because fairness is one of the ethical reasons behind the individual. By becoming "good person," the person wishes to maintain or win the affection and approval of others.

4. *social system and conscience maintenance*. At stage 4, an individual determines what is right, taking into account the obligation he or she has towards society, not just towards others. The focus will be on duty, respect for power and the preservation of social order. For example, certain managers feel that privacy protection is an obligation for society and therefore they refrain from monitoring conversations with employees. The focus of this stage is the maintenance of law and order through observance of rules, exercise of our duties and respect of authority, person tries to avoid legal consequences.

The third level, which is post-conventional morality, people make decisions using self-selected principles. Moral reasoning of people is based on concepts like justice and the rights of individuals, universal ethical principles and abstract reasoning. At this stage, even if they conflict with laws and rules, people are following these internal principles of justice. This phase is reached by only a small percentage of people, about 10-15 percent. This level includes last 2 stages of cognitive development.

5. *prior rights, social contract, or utility*. In stage 5, a person is concerned with the maintenance of fundamental rights, principles and legal agreements in society. Individuals feel a sense of obligation or engagement to other groups at this stage, a 'social contract,' and recognize that legal and moral views may in some cases conflict. People in stage 5, use rational calculation in order to avoid such conflicts.

6. *universal ethical principles*. At this stage a person believes that the rights of everyone should follow are determined by universal ethical principles. Stage 6 people consider that there are inalienable and all-embracing rights. Such rights, laws or social agreements shall be enforceable, not on account of the laws or

customs of a particular society, but because they are universal. Equality and justice are examples of universally accepted principles. A person in stage 6 can be more interested in social ethical issues and therefore not rely on an ethical direction in the business organization.

According to the Kohlberg theory, implies a reorganization of psychological structures and that mature thinking does not depend on any genetic or social factors. The theory is cognitive because it recognizes that moral education is based on the child's active thinking about moral matters and decisions. Social experiences encourage development, but they do so through the incentive of our mental processes. We are questioned and challenged as we progress through stages and are thus motivated to develop new and more comprehensive positions. Kohlberg therefore believes that children go from stage 1 to stage 2 sequence and so forth without skipping. Kohlberg also stated that the theory was universal, saying that different cultures teach different opinions, but his stages did not refer to specific convictions but to underlying ways of thinking.

## **1.4 Point of view of the employees about ethics**

Many organizations have incorporated ethic codes that set their employees' moral standards in order to enforce behavioral standards of ethical norms. (Valentine & Barnett, 2003). Valentine and Barnett came to conclusion that employees with the knowledge of their company ethics code were usually more committed to organization. This is an example of how strong ethical standards are encouraged in relation to the behavior of employees. The current study broadens this idea that a person may have an impact on their behavior because of two kinds of behavior of employees: counterproductive work behavior and corporate civic behavior.

Counter-productive work behavior can be defined as behavior that employees showed toward organization intentionally and which is detrimental company's legitimate interests. These behavior includes actions such as taking part in activities that take considerable time away from work for example talking in the phone that's not about business issues or carrying out work tasks in an error consciously.

According to Detert, Trevino, Burris, and Andiappan (2007) if regulatory labor ethics standards are set in an organization, this could influence employees to avoid harmful workplace behavior, like counterproductive work behavior. After all, employees may feel encouraged not to engage in counterproductive working behavior, provided the working environment upholds a consistent ethical standard. Marcus and Schuler (2004) undermine the idea of counter-productive work behavior being consequence of opportunity. They suggest that including perceived ethical norms of their peers, a lot of other things provide employees with the opportunity of engaging counterproductive work behavior. An employee who sees unfair actions in the workplace will be dissatisfied about environment of workplace and it would end up that employee trying to take action against company. This is a reason why job actions is counterproductive.

Organizational citizenship behavior, which is the opposite of counter productive work behavior, occurs when an employee is satisfied with fair workplace environment and wants to reward the company. Such employees see their jobs more than just a paycheck and try to make their working environment work smoothly, even though it has a minimum connection to their present duties, it's a worker who usually categorizes him as "going beyond" or "giving everything." This behavior of employees is usually preferred by companies because it would create more benefit for the company.

Management can do many things to encourage ethical conduct – recruit employees with high levels of ethics, develop codes of ethics, lead others by example, etc. If a company has a complete ethics program, it can potentially

improve the ethical climate of an organization. In the process of selection, HR manager should take advantage of selection tools as interviews, test, background examinations etc. in order to get knowledge about the moral stage of that individual, his ego and control level on issues, his personal values and so on. Despite the fact even the best selection process is not perfect yet, and some employees can be hired who don't fit company, it is still one of the preferable prevention action against unethical behavior. Another thing that should be done to avoid unethical behavior is to place ethical code for employee behavior. Because not knowing what is ethical and what is not is the problem itself and can be used and excuse dramatically. An ethical code, which describes ethical rules and values of organization is the best way to prevent unwanted behavior. Adding another thing, employees should get training, seminars and workshops in order to develop their level of moral judgement and that can help to move into next stage of their moral development. Organization, managers and as well as employees are responsible of their bad doings and actions to prevent them before happens should be done when it is still possible.

# **DIFFERENTIATION OF ETHICS IN DIFFERENT ENVIRONMENTS**

## **2.1 Effect of Different Cultures, Religion and Time on Ethics**

It would be no surprise that ethics changed as the means of language, culture, geography and history because it exists as an understanding decades ago and as a term before 1960s. But the question should be asked if the values of ethics can be same in different time and places? And if it can, are these values symbolized in the ethics code of businesses in all over the world? If we go through via examples, in Dubai people discuss their negotiations while drinking tea and it is their sense of respect to their business partners. But in Tokyo in order to show your respect you should bow first and use formal words while negotiation while in Lima before get to talk about work it is expectable to ask questions about family of business partner. Looking these examples, who can say that respect is a universal value? If the values are not universal and this means any code of ethics of businesses might not suit to every culture, time and geography. Discovery of internet lead many changes in consumer and organization behavior, the sense of ethics, so market diversification and interconnection have also grown due to these changes. One of the results of this innovation was the internationalizations of companies, for example LG and Samsung which are South Korean companies and began to produce their products abroad with the 52,000 workers in United States. Globalization of companies gave a lot of opportunities to consumers but there were also ethical challenges. Consumers may benefit from international companies by wider selection of products, lower prices, higher quality due to local competition, enjoying brand name etc. But pros come with cons. While benefiting these thing, some consumers may support unethical behavior of company without knowing it, and when consumers comes to sense of it, both company and

consumers face reality-ethical challenges. When an international company enters a new market, its working conditions, employee wages, environmental impact, taxation, child labor, code of conduct and other questions about its operating might be asked. Consumers need to investigate the business practices of those parties in order to be aware of these factors and to be sensitive to their culture and ethics.

When a company goes international, one of the problems is to decide which culture it should apply to its business, the one's it came from or the one's it entered. For instance, while child laboring, bribery and polluting the environment is regarded as unethical behavior in Western countries, but in Bangladesh child laboring is considered just as normal thing. So if Western company want to internationalize in Bangladesh, should it accept host country's custom or deny it don't give work to children? And in Arab countries bribery is not considered wrong while in America it is severe crime, what should do American companies operating in Arabia? Cultural differences make it uneasy for companies to operate in foreign countries. But it is also possible to adapt host country's cultural expectation in some cases, such as KFC and McDonalds in India, where consumption of cow is not acceptable, the companies offered lamb patty and a veggie burger instead of beef products.

Knowing importance of adapting new country's culture the question is how much should the company adapt? Certain action would clearly still be viewed as unethical in most countries, like: theft, killings, drug trafficking, etc., but it is more complex in the field of homosexuality, equality between men and women, slavery, abortion etc.

Besides culture, ethics showed changes as time passes. Something considered ethical once upon a time may be considered unethical now. The greatest example of time changes of ethics can be fashion industry. It is the kind of business which ethics differs not only a century before but even ten years before now. In 1980s women liked to wear animal furs- mainly fox fur and use make up

brushes made in rabbit feather. But today majority considers wearing fur, using animal feather in products, or even testing products on animals as an unethical action by companies. People in twenty first century care about animals' rights more than they did before. In Turkey killing or simply hurting an animal will lead to imprisonment up to 6 months – 1 year. But we can't prejudice past sense of ethics with comparing modern time ethics. The situation and condition was different from now and we can't make instant decisions regarding today's situations and conditions. Of course, there was some cases where time and cultural changes in ethics can never be acceptable reasons for those, such as slavery which was very popular in Africa.

Although we consider some values as universal but their way of applying change over time, or some acceptable values can become not acceptable in different geographic area. Thus, we can say that different conditions, situations and time, culture cause different ethical standards, and evaluation of ethics shaped our sense of ethics in modern time. People might learn from their previous mistakes, that's why once unethical behavior is done, after some period of time beside the person himself who done that unethical action, other people also observe and try to not to do same misconduct again.

When companies internationalize they should pay attention not only to other customs but also local people's worldviews and their sense of morality in order to adapt the new market by the means of ethical action and to keep low profile. An enterprise that wants to move its manufacturing into another part of the world may wish to establish supply, allocation and value chains that promote fundamental rights, employee security and women's equality, while local culture is thrilled at the economic advantages of investment in employability, state tax bases and infrastructures. These objectives do not have to be contradictory but integrated if an ethical agreement is to be reached with the host country. Conversation and transparency, as they are in any other kind of relation, are critical in this phase. Geography affects the business relationship between

stockholders, staff, customers, government, and the environment, and almost any kind of interested party. That is why localization, the system of adapting a good or service to relatively non-native different environments and foreign languages, in particular to other cultures and societies, is expanding. This adaptation often begins with translation of language, but may include adapting contents or products in accordance with local market tastes and consumption patterns; transforming exchange rates, dates as well as other measures to local expectations; and highlighting existing community regulations and legal obligations. Studies has also shown that outstanding leaders and international organizations must recognize and outperform leadership expectations in the societies with which they come in contact.

The issue of personal space is a further aspect of international business relations. For instance, it could be considered rude to either stand too close or too far off from somebody you talk to, In Nigeria. The touch is meaningful in several cultures to create connections, while it can be frowned on in other cultures. Hugging when greeting someone is not acceptable in US perceived as bad behavior but it is common in Middle East Countries. Constant eye contact symbols confidence, decency in western world, but considered impolite and hostile in Asian countries. Therefore, the apparently unsafe friendly gesture of a handshake to reinforce a new relationship could be seen very differently, depending on where it takes place and also who shakes his hands. All this is concerned with a consciousness and cultural susceptibility that an ethical manager must show who does business in a country other than his own. Some mistakes are probably to be pardoned, primarily those which are incidental and are not based on malevolent design.

The impact of religious belief is a main factor in the difference made by geography and culture in our moral and ethical standards. Religion and ethics were almost indivisible till the seventeenth century. Most thought that without the threat of everlasting punishment human beings can't be convinced to do the

ethical thing. Religions, of course, are not standardized, or monolithic, and neither unchanged over time. For example, the essence of Christian faith does not change, but in any specified period of time its importance does. Moreover, in the past, the government or throne often worked together with the church to encourage its very own wants and needs by selecting certain lessons over everyone else. Conducting norms for the clergy have been established and backed by the right of conquest of the kings and queens and the power of religious practice. These standards have been supported by commerce and trade.

If we accept religious beliefs as ethical and consider religion and ethics are inseparable, then it means we accept as well as some offensive and aggressive beliefs and actions as moral. In that relation it will certainly be accepting moral activities as long as they are religiously accepted that condemn religious beliefs such as holy wars, inquisitions, torture, burning of witches and wizards and unbelievers, swearing to idols, immoral religious treatment of orphans, female abortions as well as other religious restrictions violating basic human rights. Furthermore, if ethics is acknowledged as a result of faith, then non-believers would be liberated from every moral responsibility. Any rights will not be given to atheists to talk about right and wrong. They won't be morally responsible anymore because they reject the origin of ethics that religion recognizes as God. This is completely unacceptable, since it is still normally expected to be ethical, even if you negate the religious beliefs of God's existence. The stealing and swindling are evil and both religious and nonreligious are morally blameworthy, and it is reprehensible for an unbeliever who continues to exercise this sin.

Even if we accept religious belief is the basis of ethics, it gives the rise of question that which one of the religion it should be based on as there are many religions in the world. Islam, Christianity, Buddhism, Hinduism, Spiritism, Judaism, Atheism, Paganism, Mormonism, Unitarianism, Taoism and so on religious beliefs can be counted, by it would be hard to choose one from them. Because we know each of religion belief has its own sense of sin, morality and

way of punishment. May be there are some values considered good or bad in worldwide religions, but there also have sharp differences of course. So, if ethics would be based on religion, people would be confused to decide which religion practices and supports best ethical behavior.

## **2.2 The Role of Ethical Culture of Company in Society**

Culture is a popular word that people typically use in terms of ancestry, their homelands, their languages, and their way of talking, eating and traditions. Culture is all about value, standards, historical artifacts and traditions. The term Corporate Culture is identified as a set of principles, standards, and artifacts including ways to resolve the difficulties shared by company employees (staff). corporate culture is also seen as "the joint belief that a company's top executives have how they and all other workers maintain themselves and how they operate. With the passing of time, shareholders perceive the business entity as a living system with their own brain and will.

The corporation's ethical culture is an essential part of corporate or organizational culture. While company's culture includes values and standards that provide organizational members with a huge variety of behavior, the ethical culture highlights the fact that corporate society also has a moral sense. Ethical culture is a result of several variables such as the business ethics policy, the governance of senior management in ethical matters, employees' impact and opportunities for misconduct. Throughout the company overall, the post-climates may establish within individual sectors or working parties, but they are effected by the strengths of the company's overall culture of ethics, and also the functions of the sector and the actors that it represents.

A company may only succeed if a large number of clients are interested in buying the goods in financial context. Business ethics itself is one way that companies can return to community part of their achievement and demonstrate their thankfulness to the community that helped them to build. In modern society, business ethics are highly respected. That's because, the further our world progresses, the further we are aware of the goods we use. We expect not only the company's highest quality goods, but also ethical. As the days' pass humans are being more concerned about surrounding environment. Significant increase in number of individuals who have become vegan and vegetarian in recent years, would be good example of it. In response to recent trend, some people have added additional products to state that they are non-cruel and 100 percent made by vegetable.

How community appreciates business ethics not only shows how people minimize to use goods from businesses that engage in unethical behavior, but also the public is grateful to all those who support unlucky individuals. An individual who regularly reads the news must have found information regarding famous people who have visited medical facilities to offer a word of encouragement to their supporters. The little act of handing his shirt to a young fan is discussed and enjoyed on the Web, by successful football players, dozens of millions times. Musicians, celebrities who actively support the LGBT society, are also answered positively by their supporters as well as the anti-supporters. Famous people are not just the ones who advocate good deeds for their titles. Corporations were known to spend their revenues to help victims of catastrophic events, funds NGOs, and so on. In 2013, approximately 3.5 million was provided for the child hospital by employees of Supercell, Finnish video game company. It not only helps to make workers in these businesses feel great to support others in need, but also provides a beneficial effect to the name of the corporation, which is the principal reason for these charitable actions.

Business ethics is much more focused than it was before, but it isn't a new publicity, it came into existence as soon as we people began business. An organization is founded to make a profit for its property owner. The owner provides jobs, supplies products to the society and exchanges with its providers by controlling a business. Taking the example of Vietnam, which is considered developing country, has recently opened its doors for many businesses beyond its own area and has established more foreign relations. But thirteen years earlier, the economics wasn't the same.

Global companies were primarily large players in Vietnam during that period globally. Small, private businesses still were in the nation. Smaller groups of kiosks establish a supply chain rather than a fantastic mall and supermarket today in the small region near the rural area. Rivalry still occurs in tiny markets, however. An individual could choose between two or maybe more kiosks for the very same good or service. Taking into consideration the cost and location issue, when people understand that the manager does caring for parts of her revenue at the church on weekends, the kiosk that is a little off-road at a slightly higher cost could still sell more. The huge shopping establishments were created 13 years after the construction of new roads and the kiosks are still in industry and regular customers, when they are not capable of competing with supermarket chains many of the other kiosks were shutdown. It is only a simple example, but it proves, not only educated people who have come from a developed, socially important state are whom concerned with the ethics of business. Most people will still be able to recognize it when it comes to ethics and rational thinking and ethical business exercise will have a significant impact.

A company should be accountable for the ecosystem and community beyond its mere objective of generating earnings and offering advantages to its shareholders. Since individuals with an elevated level of economic status tend to worry more about the ethic of a company (Fisher & Lovell 2006), this does not imply that individuals with a reduced status do not think about it alone. And, it

does not just create personal fulfillment for those who did the products-for staff, it makes the working atmosphere more fun and motivational-for the sake of government exposure and recognition. There is one question arises that why are we, as human beings, satisfied to help others, angry to witness immoral deeds, concerned about others without an immediate relationship?

Aristotle once said "Person is a social creature, by necessity." A child interacts with his parent by screaming, till age of four he develops language and gestures. We are the only creature which has evolved benevolence through development. Animals demonstrate their behavior to help one another, but are more probable to be seen as assisting the same family. Empathy and altruism occurs only in majority of people but not the all. When people are evolving together to live it is within our family to feel the need to support others, for further purposes or simply to be satisfied with understanding what we have accomplished improves our lives. The formation of culture has led to fresh forms of contact, choosing near families and colleagues for the internal circle, familiarity for the medium circle and outsiders for the big circle. Naturally, inside our internal circle resides our priority. Once we have achieved a simple stage of existence of all our fundamental requirements are met, we begin to care for the medium circle and the big circle. Nobody is the same and every one of us is empathically distinct with others. However, in our essence, it is to look for the very same type. It is our desire to promote organizations that value ethical principles in businesses rather than businesses that respond simply to the call for revenue growth. By promoting ethical organizations of companies, an individual would feel they are doing excellent deeds and creating a better universe indirectly or immediately.

It should be seen as a positive development that more organizations are lately working to improve their image by giving portions of their revenues to those in need. But there are discussions about the distinction between a company that does nice things because employers and employees think that they must be accountable and share revenue for the poor or the eco-system and company that

only provides gifts and charity for the sake of positive publicity. There is one side of the debate that: it is hypocritical of businesses that make donations without really paying attention to those who receive it, because it only is an act to create a better image. Certainly not all businesses use charity in order to save their own cash or name and not all non-profit organizations are charlatans. But business ethics cannot be viewed plainly just as a giveaway.

In the event of an unethical company exercise, the victims of the deed differed. The end user of the product could be the one who has a significant negative effect on using the poorly produced goods. It might be the dealer of an unfair agreement for a company. The staff member of a company may have to bear the discomfort of unfair treatment. Ecology is also casualty of irresponsible and reckless chemical waste management and the life of a natural surroundings is also threatened when the ecosystem is polluted.

Employers or personnel may engage in company deeds that are immoral. It varies from the use of work time for private problems to corruption. Indeed, most immoral deeds take place without being discovered or fined. Desmet & Hoogervorst (2015) researched the trend in unethical company behaviors, confirming that the effect that employees will be fined if they take unethical decisions relies on the company setting and competitiveness. The ethical behavior of an employee that often leads to earnings for the business does not punish itself in an extremely competitive setting. Because the director maintains the money flow while threatened by the rivals, he will benefit rather than support ethical norms. Does it surprise us anymore when we hear the news about a company that practices unethically? Or do the company frauds ever surprise? There are some times we as consumers presume from certain companies to lie but we don't mind that. As example maybe we would be upset if our favorite football team tried to cheat us on the ticket sales, but we don't bother winning of the same team using some hacks, because we acknowledge lying as an operating component of the

company. Unless the lies of the company are revealed, the implications will not be faced.

As stated earlier, the moral standards of distinct individuals are distinct. One can't assume that the other is worth just like him. That's why so many companies aim for a code of conduct of their own. A business expects its staff to abide by a number of guidelines. Each business varies in its code of behavior because of its varied society. While British American Tobacco utilizes a straightforward, definite and severe style to direct its staff, Google's code of behavior has been formulated very softly. It just began with "Don't be evil". The Codes of Conduct include a number of regulations, duties and the company's requirements of its staff. The rules of conduct are anticipated to assist staff adapt to the society of the enterprise and provide the correct and ethical answer for an issue. It also describes a limit between what is appropriate and what is not appropriate. Unethical corporate deeds vary from misuse of corporate funds to fraud and corruption. Those who engage in unethical company activity frequently experience guilt and risk emotional pain and fear of exposure. It also exacerbates job unhappiness, which leads to adverse outcomes. Unethical behavior may contribute to negative promotion and have an impact on the company's picture. It leads to confidence loss and revenues decline. With technological growth in latest years, individuals have simpler access to fresh data. In a matter of minutes, scandals from an enterprise might expand to any other nation. Boycotting and seeking ethical alternatives are more acquainted to consumers of advanced nations.

Faith, self-discipline, empathy, justice, and truthfulness were described as virtue components that are essential for company operations.

Faith is genetic tendency to trust others ' actions while taking that risk about not conducting the predicted behavior. Trust removes the need to control adherence with arrangements, contracts and exclusivity clauses and their related price. It is expected to be based on an assurance or arrangement.

Self-discipline: the willingness to reject an instant benefit or reward. It shows the capacity to prevent using a recognized personal chance. There is a compromise between quick self-interest and long-term advantages.

Empathy: The capacity to exchange other people's experiences and feelings – empathy encourages human decency because business achievement relies on the respectful handling of rivals. It is the capacity to predict requirements and meet clients and staff adds to the financial achievement of a company.

Justice is the willingness to cope reasonably with other people's perceived wrongs. Justice often involves doing the correct thing to promote long-term company relationships in tiny company cases.

Truthfulness is considered as the willingness to supply the person with facts or accurate data. Telling the accurate mean avoiding disappointment and helping to build confidence in company connections.

The motives of why employees behave unethically can be various, which will be discussed in the next chapter, but the very first reason of misconduct comes from before motives, which is the moral development stage of person and other factors as well. As the cognitive moral development was explained, let's take a look at the other factors that prepare base for an unethical behavior of individual.

According to Ferrell, gender, education, work experience, nationality, age, and locus of control are the personal variables that influence ethnic consciousness, judgement, intention and conduct.

#### Individual Factors

There has been extensive study on connecting sexuality with ethical decision-making. There are no distinctions between males and females, but in many respects, the study reveals that females are usually more ethical than males when variations are identified. We imply that females are more susceptible to ethical scripts and less resilient to unethical behavior by being more ethical. In a sexuality and financial fraud reporting research, women indicated greater plans

than masculine respondents to report them. These results can become progressively meaningful, as more and more females operate in management roles.

#### Education

It is also a major contributing factor in ethical choice making, since it spends many years pursuing scholarly expertise. The significant thing regarding schooling would be that it reflects no experience. Work experience is described as years of employment, practice within a sector or particular profession. Typically, the more schooling or practice you have, the better you make moral choices. Ethics has little or nothing to do with schooling type.

#### Nationality

The legitimate connection between an individual and the nation in which they were raised is nationality. It's difficult to say because of cultural variations that ethical decision-making will vary considerably in an organization's framework. Currently, multinationals search for entrepreneurs who can create choices regardless of their citizenship. Maybe in 20 years, citizenship will no longer be a problem, because the culture of the multinational will substitute domestic status as the major factor in ethics decision-making.

#### -Age

Age is another variable investigated within the context of company morality. It was thought that age was favorably associated with ethical judgment a few years earlier. In other words, the older a person is, the more ethical he is. Recent study shows, nevertheless, that the connection between morality and age is likely more complicated. In our view, elderly, more experienced staff have higher expertise to address complicated ethical problems in the sector.

#### -Locus of control

The control locus refers to personal variations with a particular faith in how a person is influenced by internal incidents compared to external ones. In other

words, this notion refers to the position of individuals in regards to authority. Those who think in external command see themselves as flowing since this is everything they could do. They think that uncontrollable forces are responsible for the occurrences in their life. You believe that what you want to accomplish relies on your company's fortune, opportunity, and strength. Moreover, they think that the likelihood of their own behavior and attempts being willing to regulate their life is small. Alternatively, those who think in inner control (that is, internal control) think that through their own attempt and ability, they regulate occurrences in their life, see themselves as rulers of their own destiny and rely upon their ability to impact their world.

## **EMERGING BUSINESS ETHICAL ISSUES**

### **3.1 Arising Ethical Issues in 21th Century**

In the complicated international 21st century company setting, businesses of all sizes experience a wide range of ethical challenges. Companies are responsible for developing rules of behavior and discipline which should be respected and implemented by each and every employee of the organization. Although we have outlined a range of interactions and circumstances that can lead to ethical problems, particular ethical problems may in reality be hard to realize. In any organization, failure to recognize these ethical questions is a major risk, especially if businesses are regarded as a 'play' that does not follow normal justice laws. People who adopt this perspective are sometimes prepared to do stuff that are not only ethical, but also illegitimate, for improving their own status or increasing their organization's earnings. Business choices require unresolved situations or dilemmas like private choices. Even if an action is deemed an ethical problem does not automatically imply that the behavior is ethically wrong. An ethical matter is merely a circumstance, an issue or even just a chance to decide, to think, to talk or to inquire. And since the atmosphere of company is changing there are always fresh ethical problems. The particular ethical problems recognized by staff in the national ethics survey (NBES) are set out in Figure 2 (Ferrell). The ethical issues within organizations comprise 30 percent of three kinds of abuse. Being ahead of the organization, violent conduct and worker lies are all of a person's private nature, but sometimes these actions are carried out by people who believe they are advancing the institutional objectives. The three top problems that immediately connect to the company's agenda are lying about hours of work, security abuses and the supply of low-quality products and facilities.

During the last two National Business Ethics surveys, Figure 2 compare the share of staff who noted particular kinds of abuse. More than one type of abuse could be selected by staff: therefore, every type of abuse constitutes the proportion of staff who saw this specific behavior. While Table 3-1 records many different kinds of moral issues that arise in companies, all imaginable ethical problems can't be listed. Any deception misconception or even the lack of honesty may be harmful to someone else.

**Fig.2** *Specific Types of detected ethical issues.*

	2009	2007
Company Resource Abuse	23%	N/A
Abusive behavior	22%	21%
Lying to employees	19%	20%
Email or internet abuse	18%	18%
Conflicts of interest	16%	22%
Discrimination	14%	12%
Lying to stakeholders	12%	14%
Employee benefit violations	11%	N/A
Health or safety violations	11%	15%
Employee privacy breach	10%	N/A
Improper hiring practices	10%	10%
Falsifying time or expenses	10%	N/A
Poor product quality	9%	10%
Stealing	9%	12%
Sexual harassment	7%	10%
Substance abuse	7%	N/A
Document alteration	6%	6%
Misuse of company's confidential information	6%	6%
Customer privacy breach	6%	N/A
Environmental violations	4%	6%

**Source:** O.C. Ferrell, John Fredric and Linda Ferrell.2011. Business Ethics: Ethical Decision Making & Cases, 8th Edition. p 61.

An ethical issue is a challenge, condition or chance requiring a person, groups or company to choose from a number of behavior which have to be assessed as correct or incorrect, moral or immoral. An ethical dilemma is an issue, condition or chance which a person, group or organization needs to select between several incorrect or unethical behavior. There is no one correct or ethical decision exists in a dilemma, but less unethical or illicit decisions that all parties to the dilemma recognize. A meaningful next stage to identify and solve ethical problems is the classification of the problems that are important for most companies. We identify in this chapter ethical problems in regards to violent or bullying conduct, lying, conflict of interest, corruption, company intelligence, discrimination, sexual abuse, economic problems, fraud, trade of insiders, intellectual property and privacy.

#### Offensive or threatening behavior

The popular ethical issue for staff is an offensive or threatening behavior but what does it imply to be offensive or threatening? The ideas can imply anything – physical assaults false charges, annoyance, offensive language, insults, shouting, roughness, ignorance of someone and unreasonableness – and their significance may vary from individual to individual. It is essential to realize that there is a period with every word. For instance, what one individual defines as screaming may be a description of ordinary expression by another individual. Many companies' efficiency levels have been affected by the period that violent actions were overcome. Is it abusive to tell a worker not to go with members of the family or loved ones in a critical situation to work on projects? Is it wrong? What is indecent speech? What is it? Is offensive language connected only with particular phrases or terms widespread in the business universe of nowadays? You might just have assaulted them, misused or mistreated if you use phrases which are usual in your vocabulary, but people regard them profanely. Intend should be taken into account in the notion of violent conduct or bullying. It would be considered as a misunderstanding if the worker tried to make a compliment. What

if a director asks his female assistant if she's got a date for supper since she's so nicely clothed? Is speech intonation essentially important? Furthermore, we now work in a global setting that does company and work with numerous social organizations, and the businessman quickly understands how deep the ethical and legal problems may emerge. Is it fine tell "sweetheart" to a worker, a colleague, a partner of the worker or your employer? It is probable that in some situations the word sweetheart might be allowable and be defined as misleading or annoying in other scenarios.

Bullying is generally considered as deeds or emotional remarks which "mentally" can damage or isolate an individual at work. Bullying may also quite often include adverse bodily interaction. Bullying generally includes recurring events or behavior patterns aimed at intimidating, insulting, degrading or humiliating a specific individual or group of individuals. It was also defined as the claim of authority by violence.

Note: a single act is not violent behavior unless it is particularly harsh and grievous.

Bullying in the place of work can include words or actions that scares, disrespects or degrades the recipient. The behavior can be both noticeable and dramatic, although bullying is a kind of violence. List below demonstrates some ways how bullying can take place at work.

- Publicizing evil rumors, conversation or insults
- To socially exclude or isolate somebody
- To threaten an individual
- Undermine the job of an individual consciously or purposely
- Mistreat or attack physically
- Unreasonable removal of fields of responsibility
- Job instructions are changing all the time
- Setting impossible timescales that cause the person to fail

- Hiding the needed data or give the incorrect data intentionally
- Make jokes, which are 'insulting' through speech or e-mail
- Spying or stalking the private life of an individual
- Assign unfair or unfavorable tasks or heavy workload to an individual
- Making repeatedly unfavorable comments on the looks, way of living, family or traditions of an individual
- Blaming an individual for issues they did not create
- Taking credits for the efforts of someone else
- To give duties beyond an individual's stage of ability
- Too much tracking of the job of a worker
- Feedback in an incredibly rude or aggressive way

Individuals who are the object of bullying may be affected in different ways. This affection involves: shock, rage sorrow and/or hardship, increased sensitivity, self-esteem loss, physical signs such as insomnia, extreme fatigue, psychosomatic problems like: stomach cramps, migraines, panic or depression in particularly workplace, pressure and family stress, lack of concentration, low morality and efficiency.

### Lying

Latest studies showed that around 15 percent of staff lying at work in modern companies. It is actually prevalent to lie so that staff have the possibility of overcoming any deficiencies or errors that have arisen. This does not excuse these workers ' dishonest behavior, but the first stage towards handling it is to acknowledge why there is cheating on the workplace. There are three kinds of lies, one of them is to joke without intent. The two other types of lying can be quite troubling for companies, which are commission and omission lying. Commission lying creates understanding or faith in phrases which deliberately mislead the recipient of the signal, such as lying about being at job, reporting on

costs, or performing tasks. Commission Lying also involves deliberately generating "noise" in the discussion, knowingly misleading or disappointing the recipient. Noise can be explained as a technical description of something intentionally knowing that is not understood by the receiver. It can be the deliberate use of modes of interaction that makes it hard for the recipient to know the real answer. This sort of lie is facilitated by the use of legal phrases and parameters regarding unknown mechanisms and procedures to clarify what was accomplished in a job situation. Complicated shapes, methods, agreements, phrases that are written in the same but have distinct meanings, or a fake declaration can be used to refute the reality. Commission lying forms include puffery in commercials. For instance, if it is produced in a plant, to claim that an item is "homemade" would be lying. You may lie on commission by displaying an image of the item that does not represent the item in question. Any distinctions, troubles, security warnings or harmful issues concerning a good or service, product or business that have a considerable influence on the knowledge, purpose or conduct shall not be consciously informed by the network representative is called omission lying. The Tobacco companies, which have not allowed adverse studies on cigarettes and cigars, were a classic example of omission lying during decades. The Vioxx medicine is challenged because the producer alleges that the consumer has not been aware of the extent and incidence of side impacts, including death (The Insider).

### Conflicts of Interest

“A conflict of interest exists when an individual must choose whether to advance his or her own interests, those of the organization, or those of some other group” (Ferrell,2011). It is the scenario where a person has different desires or loyalties. For instance, the individual may have a company loyalty and a family loyalty. Each company expects its greatest interest from its employee straight away and when employee has a different interest then, conflict occurs. Conflict of interest operations bring the danger of implications, like other illegal or non-

ethical operations. Interest conflicts typically involve recruiting acquaintances families, or pensioned army personnel to improve the likelihood of contracting.

### Bribery

Bribery is the procedure of providing anything (generally cash) to make an illegitimate benefit. The main question of whether or not a bribery is regarded as the deed is illegal or against established ethics or law. Thus, Bribery is described as an illegal act, but it may be a matter of business ethics. It is because in various circumstances and social contexts, bribery could be described differently. There are several methods to describe bribery. For instance, something is called active bribery or active corruption, which means that someone who offers or provides bribes is guilty. The crime of the officer who has received the payment is passive corruption. However, it is not a crime if the benefit of an overseas government official's nation, including situation law was allowed or needed in the written legislation or laws. Small facilitation payments for easing the obtaining or retaining of enterprise or any other insufficient benefits are not bribery payments. Such transfers in some nations are intended to lead government authorities to fulfill their tasks, such as license issuance or registrations. In many advanced nations, individuals who expect to affect the result of a choice are usually aware that workers do not accept bribes, private donations or donations or unique favors. But corruption in certain nations is an acceptable method to do business. so many executives, politicians, and public representatives have been affected by the failure of corruption. There is therefore a question of company morality in offering bribes to politicians or government representatives.

### Corporate Intelligence

The compilation and evaluation of data on economies, techniques, clients and rivals as well as socio-economic and internal political developments is corporate intelligence. Three kinds of intelligence designs are available: a passive early alert surveillance system, tactical field support and top governance policy

support (Ferrell). Stealing issues of trade secrets of companies are increasingly increase nowadays. One reason for this is that individuals with intelligence capabilities and sophisticated technology are increasing. The absence of safety and adequate preparation enables a range of methods to obtain access to important data for the company. Some methods involve physically taking the hard disk and transferring data to another device; hacking, dumpsters, social engineering, corruption and recruiting important employees.

Hacking has become one of the three most effective techniques of stealing important information. More than 100,000 websites nowadays do not involve in-depth understanding of security protocols or Internet protocol management and provide free accessible and personalized hacking instruments. Hacking consists of 3 classifications: system, physical, and distant. Various hacking types include unwanted entry, buffer overruns, error and bad device administrator methods.

#### Discrimination

Race, colour, religion, gender, marriage status, sexual orientation, state aid, handicap, age, domestic background or veteran status discrimination are the means of discrimination. Although discrimination against females, racial minorities, physically disadvantaged individuals and others who are susceptible to discrimination have enhanced our community, it is sadly still present on the workforce nowadays. In stronger roles, there are inequalities in salary for the very same duties and other significant differences, relying on nothing but discrimination. In 2002, for instance, the average wage for women was recorded as just 77 percent of the men earned. In this sense, it is difficult to doubt that in modern workforce there are still many types of discrimination, including gender discrimination. Discrimination may occur in the workplace in different ways. You can begin the recruiting cycle as soon as possible when one individual is recruited for another without proof of skills or knowledge. You can begin with the recruiting cycle as soon as possible when one individual is recruited over another

without proof of skills or knowledge. It can even lead to sexual abuse if an individual is not treated so seriously as another individual and is considered only to be a sexual object. It can also affect the advantages obtained when jobs are employed, such as the coaching obtained and the holidays allowed.

### Sexual harassment

Repetitive, unnecessary sexual conduct committed on one person performed by another can be defined as sexual harassment. It may be conversational, graphical, printed or physical and may take place between persons of several sexes or of the same sex. The exhibition in working sites of sexually specific material — photographs, journals or flyers — could be a harsh job environment intimidation despite the constitutional protection of the personal ownership, reading and consensus sharing of such products. Unwanted sexual harassment (taking, feeling, tackling, pressing and/or repeated uncomfortable, degrading or sexist observations), with an implicit proposal that the target position of the work, advancement or favorable therapy depends on positive responses and/or collaboration, are included in sexual abuse.

### Fraud

Fraud is a purposeful interaction which, in order to generate a fake image deceives, manipulates or hides truths. Fraud is a criminal act, and crimes could lead to penalties, jail or both. Accounting fraud generally includes economic accounts from a company in which firms provide significant data on which shareholders and other decision-makers may bear millions of dollars. If incorrect data is contained in the papers, whether deliberately or not, prosecution or criminal punishments may lead. Another company sector which creates prospective ethical problems is marketing fraud – the method to produce, distribute, promote and price products. Customer confidence in a business may be destroyed through false or inaccurate advertising messages. Lying is possibly a serious moral problem with messages. It creates ethical problems in external and

domestic communications because it ruins confidence. Consumers are also involved in many other types of business fraud such as price tag change, product change, lying for age-related and other price reductions and generously returning used products, particularly garments carried on the market (price marks are still included), through good policy of recycling them. Consumer conduct impacts retail shops and other customers, such as unwittingly buying fresh clothes that were genuinely worn.

### Insider Trading

Insider trading relates to the exercise of buying or exchanging bonds of a publicly traded corporation with content data not yet accessible to the public. Materials refer to any and all data which can have a significant effect on an entrepreneur's choice to acquire or sell the securities. We imply that non-public information is not legitimately available in the public domain and only a small number of individuals are directly connected with the data. An example of an insider can be a company manager or anyone in society who has connections to a financial document before it has been published openly.

### Whistle blowing

Interpersonal conflict occurs when staff believe that their job or business encourages or needs a distinct and ethical choice, but they understand the correct course of intervention for a scenario. In these instances, staff may choose not to take part in ethical or illegal behavior and to comply with their own principles. They could go out of the company to publicly acknowledge and fix the immoral circumstance, if they draw the conclusion that they cannot communicate their activities, or what their staff or direct managers must do with them. Whistleblowing implies revealing the misdoing of employees to foreigners like newspapers or public legislative bodies (external to the business). The word whistle blowing is used also for institutional leadership reporting, in particular via anonymous reporting systems, often known as hotlines.

## **3.2 Ways to Avoid Issues and Lawsuits**

### **Avoid bullying**

Even though strategies can differ from individual to individual, bullies share prevalent mental features that make them act poorly towards their colleagues, understanding reasons behind bullying actions can assist you to cope more efficiently with a bully's conduct. It also helps you to recognize violent circumstances and to assist bullies solve their problems without violence. The bully's own absence of self-confidence instead of the particular behavior, appearances and personalities of the victim is responsible for the majority of events of intimidation. Many bullies believe that some parts of their own work cannot really be handled. An extremely skilled partner or a fellow who gets lounges from a supervisor threatens them. In the end, bullying works to mask its own inadequacy. They regard their targets as potential threats and abuse them to stop other peers and executives from disclosing their own deficiencies.

For many individuals, it is a matter of consolation to merely recognize that they have been bullied and that assistance is needed. It implies recognizing and starting to take particular, controllable measures to solve this issue. In the first phase, consider organizing an interview with a human resources manager to help you plan an approach. If you believe you have been harassed, discriminated, mistreated or harassed in any way, inform the individual that his or her behavior is not appropriate and invite them to stop. If you contact the individual, you can request a manager or community employee to be there for you. Keep a fact sheet or everyday incidents diary. Record date, time, witnesses, events and results of events as detailed as necessary. Keep records of any correspondence given from that individual, memos, email, fax etc. Continue to the next stage of leadership if your issues are lessened.

Management engagement is the most significant element of any job protection system. Management engagement in a written strategy is greatest explained. Because bullying is a type of employee abuse, workers might want to draw up overall strategy covering many occurrences.

#### Statistics of Bullying

- 19% of employees have been subjected to bullying at work.
- A boss or manager is defined as 61% of the offenders.
- 65% of employees who were declared bullied also said they lost their employment.
- 37% of employees have stated that their experience with bullying at work is hidden by others on the job (<http://placerins.com>).

Gender	Proportion	Percentage
<b>Male perpetrators</b>	.7038	70%
<b>Male perpetrator: Female target</b>	.6531	65%
<b>Male perpetrator: Male target</b>	.3468	35%
<b>Female perpetrators</b>	.2961	30%
<b>Female perpetrator: Female target</b>	.6666	67%
<b>Female perpetrator: Male target</b>	.3333	33%
<b>Female Targets</b>	.6571	66%
<b>Male Targets</b>	.3429	34%

**Fig.3 Gender percentage in bullying**

**Source:** 2017 Workplace Bullying Institute U.S. Workplace Bullying Survey

#### Avoid Sexual Harassment

A business should take at least the following measures, to prevent sexual abuse or intimidation accusations:

1. Develop a strategy declaration identifying somebody in the business to discourage harassment in the enterprise.

2. Establish a concept of sexual harassment which involves unequivocal progress, demands for sexual favors and any other sexual behaviour, whether or not visual or physical; offers instances, recalling that the list of examples is not complete. This concept offers examples.
3. Create a strategy to protect alleged victims and witnesses against aggression.
4. Establish particular processes in the early phases to avoid such activities. However, when a business writes such processes, the legislation requires the training, measurement and enforcement of measures.
5. Establish, implement and promote sexual abuse recipients to report their conduct to approved persons.
6. Set up a complaint process.
7. Make sure the business has the appropriate officials informed on a regular basis. In general, there is an organizational sexual penalty of six months to one year for the filing of a defendant (Ferrell, p. 74).

Sexual harassment is against the law under the *Equal Opportunity Act 2010* ([www.humanrightscommission.vic.gov.au](http://www.humanrightscommission.vic.gov.au)).

#### Sarbanes Oxley Act

Accounting Reformed Investor Protection Act (Sarbanes Oxley Act) launched into Congress by US Senator Paul Sarbanes and U.S. representative Michael Oxley, of Ohio, on July 30, 2002. They aimed to develop a legislation that would return investors' confidence to America as a corporation. The accuracy of financial accounts generated by any specified business would improve by applying stricter financial reporting requirements. Sarbanes Oxley Act includes:

- 1) Company officers are needed to sign accurate financial statements. This holds you responsible for any misrepresented information personally.

- 2) Increase fines and imprisonment for those trying to defraud shareholders or incorrectly represent real numbers have been imposed.
- 3) The enterprise must supply its internal controls with a definition. It is an effort to enhance the public's trust, while providing them with an insight into the processes of the company.
- 4) The company is liable for recruiting and verifying the precision of the financial records of an autonomous accounting business, and for not mandating the business to disclose any off-balance sheet activities on its accounts.
- 5) More authority to look at businesses accused of misdemeanor is provided to the Securities and Exchange Commission (SEC). The SEC will now carry out a random examination of businesses to guarantee compliance with SOX. The accounts will then be published and publicly viewed.

Sarbanes Oxley Act, The Department of Labor (DOL) prevents whistleblowers immediately against retribution, reports of breaches of the law and refuses to take illegitimate measures. The Act prevents staff in public companies from reprisals for reporting infringements of any Securities and Exchange Commission Rules or Regulations or of national legislation concerning fraud against investors. This Act provides for all the provisions of the Act on Corporate and Criminal Fraud Accountability. It is a domestic felony for an enterprise to repress under the CCFA law.

#### Avoiding Bribery

Clear corporate rules should be developed which describe your workplace morality. Provide your employees with periodic anti-corruption instruction in finding out and avoiding corruption, as well as with the implementation of supervision programs that continually track future events of grinding corruption or other ethical violations. 75% of the corruption instances investigated in 2014 involve transfers produced by the intermediaries according to the Organization for Economic Cooperation and Development (OCED) (everfi.com). For

fraudulent employees or departments to participate in corruption, they need access to the required resources. And if your corporate policy eliminates lawful entry it is only with underhanded means that you can use rigorous monitoring to safeguard your business to track the company's economic transactions. Examine invoices regularly and keep an eye on inflated prices or useless facilities. You should also monitor any advertising resources that can be transferred to retailers closely. Demand thorough breakdowns of how the resources are used and conduct periodic audits. Bribes can also be made via luxurious donations, food or amusement costs as well as the forms of absolute donations. After all, there is a good line between the discussion of company plans with a customer over the lunch and violation of the Foreign Corrupt Practices Act, which is a FCPA Act. These acquisitions must be examined and authorized in advance for bigger expenses. Record not only which staff provide these dishes and entertainments but also who is received, in order to reinforce your supervision attempts.

### Avoiding Discrimination

Standardization of your recruitment and quality leadership practices is the greatest way to prevent discrimination. A major part of stopping discrimination is to have a strong recruitment system. This helps to guarantee that you objectively and fairly evaluate candidates. Once a worker is educated, it is important that you guarantee that they are delivered to a uniform course in your company based on excellent conduct and powerful efficiency measurements. Create a standardized policy on performance management and compensation. Discrimination in workplaces is regarded almost like a filthy term. But you won't make any development if you don't speak about discrimination and diversity. So, you can engage in a conversation with your staff on diversity and prevent discrimination in the workplace. Add a diversity or integration declaration to your corporate principles or remember the principles that you have in relation to diversity. Please use your manual strategy and publish it on a billboard in the break-in region or in other high-profile areas. Make sure your employment law advertisements are up-

to-date and use them as moment to express what the staff mean to them if you have established norms and educated individuals for non-discrimination and integration in your company. Watch out for the little things, such as, even casually, how people talk to one another. Is there an executive who patronizes someone else, or someone who teases someone else as male or female? Eventually, build an anonymous structure for reporting.

Let's look some laws against discrimination at workplaces.

Title VII is a major anti-discrimination act all-inclusive that has altered America's labor law environment. Title VII involves workers not discriminate against ethnicity, color, faith, age, gender, marriage, family status, handicap status, status of the veteran, and genetic data on the basis of federally protected categories. Laws such as the ADA of 1990, the Age Discrimination in Employment Act of 1967 and the GINA of 2008 fall under these legislation, and they were added as those laws were enacted Laws such as the 1990 American Disability Act (ADA).

In the Equal Pay Act, a man and woman performing the same work must be paid equally, irrespective of their title. The Lilly Ledbetter Act then compliments this law by modifying the initial statute of equal pay limitations to the 180 days following the latest salary check. Therefore, if you discover that a guy and a female who do the same work and have equivalent skills, have some major wage differences, you could be warm water.

Civil Rights Act of 1991 legislation relates to compensation where an employer is discovered to be wrongful in a discrimination suit. This 1991 legislation describes the clauses of financial harm in instances of deliberate discrimination on the grounds of jobs and extends prior legislation, covering only legal charges, including loss of mental distress.

### Avoiding Conflict of Interest

First step of avoiding this issue is to avoid favoritism. Be fair to every customer. Do not offer any discount special customers, including buddies and families. Do not give guidance or help on formal issues depending on your employers or client's private data. If you obtain such an assistance application, reject it and clarify that it violates your business and skilled rules of behavior. Do not bear witness to a conflict of your personal interest as an expert witness in legal proceedings. Then, call for collective decisions. Make sure more than one official takes part in collective choices and duties that are sensitive to misuse, such as procurement of materials / services, selection or appointment of contractors / suppliers and tenders and monitoring of the job of a contractor. Set up an ad hoc work force to create joint choices on various elements of an important venture when needed. As last step, do not accept conflicting functions. State any economic stake in any venture, provider, contractor or company associated to your formal responsibilities to your employer and your customers. Never accept luxurious, regular entertainment and casual matches with customers, vendors and/or contractors that might position you under an obligation to return a favor, compromise or offend you in formal issues. Avoid investments or economic interests that may interfere with your formal responsibilities. Avoid lending cash from officially traded providers, contractors or businesses. Do not employ outside of your formal responsibilities paid or unpaid, which could lead to any real or potential dispute of concern. If such disputes cannot be prevented, the approval of your boss should first be obtained.

### Avoiding Fraud

Although you cannot avoid any fraud occurring in your company, you can take measures to reduce fraud. To avoid worker fraud and misappropriation: monitor background on every recent worker, especially those with economic obligations Separate economic tasks, so that nobody has anything to do. Do not

offer any workers up their economic responsibilities (for instance check writing). Train your staff to find forgery, poor controls and robbed loan cards in order to prevent damages. Institute policy on these circumstances for particular purposes. Establish stock checks to monitor deliveries and stock, so it will not go out. Perhaps you can't count every tool but you should always understand what there're in your stock or inventory. Analysis payable reports, invoices and purchases regularly to ensure they are from actual sellers and that you receive the products you are ordering. Institute information policy and continually back up your delicate information. Maybe you want to think about establishing a monitoring scheme that monitors clients and staff. Prevent identity stealing by tracking your company records. In particular, it is important to set up processes to track activity in all key fields from staff to consumers to sellers, and perform surveillance so that you understand what is going on. In this way, you can also find out more about your business.

#### Avoid lying

Lies are shredded on - the-job interactions whatever their magnitude, range or topic matter. The excellent news is that there are many methods to discourage this.

- It begins with the top management. Bosses, executives and anybody in a management capacity must establish frank talks. The conversation essentials must be great and bad news.
- Another method is praising publicly. Verbally and favorably acknowledge others, especially if data and understanding directly affect decision-making, when they provide significant counter-opinions. If team members see and hear it, particularly through contrasting opinions or bad news, that it is really safe to speak, they will do.

- Accountability has to be expected and enforced from employees. Let staff understand that lying, and keep individuals responsible for it, is a non negotiable characteristic in the workplace.
- Then, show that it matters to you and you must speak the reality.

Infringements of the legislation generally start when corporate individuals extend the boundaries of ethical norms as described in corporate or industrial behavior codes and then choose to take action to deliberately or unwittingly breach the law. New legislation and regulations have been enacted in latest years to prevent such choices and to encourage programs to enhance the morality of company and personal accountability. The Federal Guidelines on Organizational Sentencing (FSGO) and the Sarbanes Oxley Act are most essential ones. One of the objectives of the two acts is that staff report even their own crimes. With most businesses getting a technique of reporting fraud, the design of reporting schemes has been further developed. Although a large proportion of staff report misconducts, but there are still some employees that do not report it.

## CONCLUSION

Role of ethics as an academic field plays vital role in managing emerging ethical issues in 21th century. Sense of morality and tendency to behave ethically grows naturally in every human being. The understanding of definition of ethics and what are the business responsibilities in the means of ethics base is necessary to keep remaining in market successfully. Each ethical issue is done by humans, so the problems of ethical issues comes from individuals. When the reasons behind misconduct are understood, ethical issue can be solved with more productive and efficient way.

Chapter 1, which set base information about ethics and its historical development as an academic field, firstly showed the sense of ethics was different then than now, prior our time laws about ethical rights and misconduct were not in place and without ethics as legitimate term, people's wrongdoings were either unpunished or unnoticed. Chapter 1 continued with the explanation of Piaget's and Kohlberg's theories of moral development, and via that explains that people who are in different stages make different decisions in same situation. The part of employee's point of view shows more detailed information that staff in company does unethical behavior because workplace situation makes him to do.

Chapter 2 contained two question, both focused on international business ethics standards and requirements. Chapter explained that there is not such a thing as universal value, and ethical means differently in different countries. That's why, developing international code of conduct and when necessary adapting to new country is needed. Cultural and religious differences may result in serious consequences. Research shows importance of defining what is moral or immoral in different places.

The last chapter focused on most common workplace issues, how they happened and what to do in the case of issues. Second part of chapter gave detailed

knowledge about avoiding ethical issues such as bribery, discrimination or harassment and laws against issues and protecting victims such as Sarbanes Oxley Act were explained.

The biggest power in modern society is knowledge. Having knowledge about what ethics is, its history, our moral development stage, what is right thing is to do in foreign country, what are issues and how to recognize them, how to handle issues gives businesspeople the power for having sustainable and successful business. Knowing importance of corporate culture and code of ethics are the secrets behind victorious organizations. Keep being ethical, manage ethical issues, then society will give credits for it.

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